

# Cancer Prevention and Research Institute of Texas

Fiscal Year 2020 Annual Internal Audit Report  
August 31, 2020

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### I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Web site

Texas Government Code, Section 2102.015 requires state agencies and higher education institutions, as defined in the statute, to post their Internal Audit Plan, Internal Audit Annual Report, and other audit information on the Internet.

The Cancer Prevention and Research Institute of Texas (CPRIT or the agency) will post this report which includes the Fiscal Year 2021 Internal Audit Plan on its website at [www.cprit.texas.gov](http://www.cprit.texas.gov). CPRIT's Oversight Committee reviewed and approved the Annual Internal Audit Report as part of their regular meeting held on November 18, 2020. In accordance with Texas Government Code, Section 2102.015, CPRIT will post this report on its website within 30 days of the Oversight Committee's approval.

The table in Section II below provides a detailed summary of the weaknesses, deficiencies, wrongdoings or other concerns raised by performance of the audit plan and the actions taken by the agency to address any of those issues identified.

### II. Internal Audit Plan for Fiscal Year 2020

The internal audits planned and performed for fiscal year 2020 were selected to address the agency's highest risk areas, based on the risk assessment update conducted in August 2019, which included input from CPRIT management. The audits conducted during fiscal year 2020 are listed below.

Internal Audit	Report #	Report Date	Current Status
Internal Audit of Governance	IA #03-20	October 16, 2020	The report was issued October 30, 2020. Follow-up procedures to verify that corrective action has been performed are included in the proposed 2021 Internal Audit Plan.
Internal Audit Advisory of Disaster Recovery and Business Continuity	IA #02-20	September 29, 2020	The report was issued October 28, 2020. Follow-up procedures to verify that recommendations have been addressed are included in the proposed 2021 Internal Audit Plan.
Internal Audit Follow-Up over State Reporting	IA #01-20	July 20, 2020	The report was issued August 3, 2020. The prior findings were remediated.
Internal Audit Follow-Up over Communications	IA # 04-20	NA	Due to CPRIT staffing considerations and conflicts as a result of the COVID-19 pandemic, follow-up procedures were delayed until FY 2021.
Internal Audit Follow-Up over Information Security	IA # 05-20	NA	Due to CPRIT staffing considerations and conflicts as a result of the COVID-19 pandemic, follow-up procedures were delayed until FY 2021.

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## **III. Consulting Services and Non-audit Services Completed**

As defined in the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and the Government Auditing Standards, 2018 Revision, Sections 3.64 – 3.106, CPRIT completed the following consulting and non-audit services for FY 2020.

Internal Audit provided consulting with CPRIT Management over agreed-upon procedures related to grant compliance. Consulting was provided on the performance of certain procedures where performance was limited due to the inability of auditors to be on-site at a grantee's office and state-wide social distancing guidance.

Additional consulting services were provided to CPRIT through the Internal Audit Advisory of Disaster Recovery and Business Continuity. (IA #02-20 in Section II of this report)

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#### IV. External Quality Assurance Review

In accordance with professional standards, and to meet the requirements of the Texas Internal Auditing Act, Internal Audit is required to undergo an external quality assurance review at least once every three years. Weaver's review was issued in October 2019.



#### Report on Firm's System of Quality Control

October 16, 2019

To the Partners of Weaver and Tidwell, L.L.P.  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

#### Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].)

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

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**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Weaver and Tidwell, L.L.P. has received a peer review rating of pass.



Eide Bailly LLP

## V. Internal Audit Plan For Fiscal Year 2021

The Internal Audit Plan was submitted to the Audit Subcommittee of the CPRIT Oversight Committee. The Audit Subcommittee approved the plan on August 10, 2020, and the Oversight Committee subsequently approved the plan on August 19, 2020. Below is the Fiscal Year 2021 Internal Audit Plan submitted to the agency's Oversight Committee based on the results of the 2020 Internal Audit Risk Assessment Update. The approved internal audit plan was submitted to the State Auditor's Office prior to November 1, 2020.

Fiscal Year 2021 Internal Audit Plan		
Audit Area	2020 Risk Rating	Estimated Hours
Internal Audit over Information Technology General Computer Controls	High	280
Sunset Self-Assessment Advisory	NA	220
Records Management – Grantee Compliance Records Advisory	High	230

Planned follow-up procedures for fiscal year 2021 to verify and communicate with Management the remediation efforts of prior Internal Audit Recommendations.

Fiscal Year 2021 Follow-up Procedures		
Audit Area	2020 Risk Rating	Estimated Hours
Information Security	High	40
Communications	Moderate	70
Governance	High	100
Disaster Recovery and Business Continuity Planning Advisory	High	100

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As part of the risk assessment, CPRIT assesses the probability and impact of the following risk categories across all significant activities of the agency, which include the significant information technology processes of information security, information technology general computer controls and application development and management:

- financial and fraud risk
- operations, complexity, and human capital risk
- information technology risk
- regulatory compliance and public policy risk, and
- reputational risk

Taking into consideration the input from the CPRIT management, all significant activities are assigned a risk score for probability and impact related to each risk category. The overall risk rating (High, Moderate or Low) is assigned to each significant activity based on the activity's average risk score.

The internal audit plan is developed by considering risk ratings for each significant activity and prioritizing "High" risk activities. The risk assessment is updated on an annual basis.

The 2020 Internal Audit Risk Assessment Update resulted in 11 Significant Activities rated as "High" risk. Seven of the 11 Significant Activities are not included in the Fiscal Year 2021 Internal Audit Plan. Those risks are as follows:

- **Pre-Award Grant Management** – Pre-Award Grant Management was not included in the 2021 Internal Audit Plan. Pre-Award Grants Management was included in the 2017 Internal Audit Plan, and was included in 2018 Follow-Up Procedures with all findings remediated.
- **Post-Award Grant Monitoring** – Post-Award Grant Monitoring was not included in the 2021 Internal Audit Plan. Post-Award Grant Monitoring was included in the 2018 Internal Audit Plan, and was included in 2019 Follow-Up Procedures with all findings remediated.
- **Commodity and Service Contracts** – Commodity and Service Contracts was not included in the 2021 Internal Audit Plan. Commodity and Service Contracts was included in the 2016 Internal Audit Plan, and was included in 2017 Follow-Up Procedures with all findings remediated.
- **Procurement and P-Cards** – Procurement and P-Cards was not included in the 2021 Internal Audit Plan. Procurement and P-Cards was included in the 2017 Internal Audit Plan, and was included in 2019 Follow-Up Procedures with all findings remediated.
- **Internal Agency Compliance** – Internal Agency Compliance was not included in the 2021 Internal Audit Plan. Commodity and Service Contracts was included in the 2017 Internal Audit Plan, and was included in 2018 Follow-Up Procedures with all findings remediated.
- **Application Development and Management** – Application Development and Management was not included in the 2021 Internal Audit Plan.

## VI. External Audit Services Procured in FY 2020

CPRIT engaged McConnell & Jones, LLP, a certified public accounting and consulting firm, as their external auditors for FY 2020. McConnell & Jones, LLP is registered with the Public Company Auditor Oversight Board (PCAOB).

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## VII. Reporting Suspected Fraud, Waste and Abuse

- CPRIT contracts with Red Flag Reporting to provide a confidential hotline for reporting fraud, waste and abuse. The agency has posted a link on its home page at [www.cprit.texas.gov](http://www.cprit.texas.gov) and also has a dedicated page to fraud prevention and reporting on its website at <https://www.cprit.texas.gov/about-us/fraud-reporting>.
- The CPRIT Chief Compliance Officer is the designated staff member within the agency to receive written or verbal allegations of suspected fraud, waste, and abuse. The Chief Compliance Officer has the authority to examine and investigate those allegations and turn over information of verified instances of fraud, waste, or abuse to the State Auditor's Office.